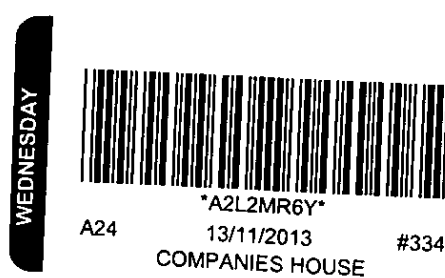


Admiral Taverns (Max) Limited

Report and Financial Statements

53 week period ended 1 June 2013



Directors

A Clifford
G Pearson
J Paveley
K Georgel

Secretary

A G Secretarial Limited

Auditors

Ernst & Young LLP
No 1 Colmore Square,
Birmingham B4 6HQ

Solicitors

Addleshaw Goddard
Milton Gate
60 Chiswell Street
London EC1Y 4AG

Registered Office

150 Aldersgate Street
London EC1A 4EJ

Registered No 5847940

Directors' report

The directors present their report and financial statements for the 53 week period ended 1 June 2013

Results and dividends

The profit for the period after taxation amounted to £1,820,000 (52 week period ended 26 May 2012 – £1,969,000) The directors do not recommend a final dividend (period ended 26 May 2012 – £nil)

Principal activity and review of the business

The principal activity of the company is to act as a parent undertaking

As the company is a parent undertaking there is no operating activity and therefore the operating profit in the company is £nil Profit before tax is £1,820,000 as a result of net interest income receivable relating to intercompany loans

Acquisition of the Admiral Taverns Group Holdings Limited group

On 21 December 2012 the entire issued share capital (ordinary and preference shares) of Admiral Taverns Group Holdings Limited, the company's then ultimate parent undertaking, were acquired by AT Brit Bidco Limited, a company forming part of a new group structure established for the purpose of the acquisition by Cerberus Capital Management, LP ("Cerberus")

In connection with this acquisition the following events also occurred

- New funds totalling £149m were introduced to the group, through Admiral Taverns (Chester) Limited, from within the new group structure established by Cerberus These funds are ultimately supported by a combination of debt and equity investment into the new group structure by Cerberus, with the debt committed for a period of 10 years
- The whole of the group's external bank debt of £146.6m, held by Admiral Taverns Bidco Limited and Admiral Taverns Piccadilly Limited, was repaid using funds lent through intercompany account from Admiral Taverns (Chester) Limited
- Accrued dividends on Admiral Taverns Group Holdings Limited's A preference shares and Admiral Taverns Nevada Properties Limited's preference shares were paid, in advance of those shares also being acquired by AT Brit Bidco Limited Subsequently, both the Admiral Taverns Group Holdings Limited A preference shares and Admiral Taverns Nevada Properties Limited preference shares have been converted into £1 ordinary shares in the respective company
- The Admiral Taverns Coventry Limited's B ordinary shares were acquired by AT Brit Bidco Limited Subsequently, both the A and B ordinary shares in Admiral Taverns Coventry Limited have been consolidated into £1 ordinary shares
- The terms of the intercompany loan notes between Admiral Taverns Bidco Limited and each of its subsidiaries, which total £253m, of which £52,000 is owed by the company, were varied such that these loans are no longer secured on the assets of the respective subsidiary
- Following the above, the B1, B2, B3, B4 and B5 preference shares in Admiral Taverns Group Holdings Limited have been converted into £1 ordinary shares

A comprehensive review of the state of affairs of the group into which the company is consolidated, including key performance indicators and key risks and uncertainties is contained in the report and financial statements of AT Brit Holdings Limited, the company's ultimate parent undertaking incorporated in the United Kingdom at the period end

Events since the balance sheet date

Subsequent to the year end, on 27 June 2013, the group successfully completed the refinancing of £90m of the debt provided by Cerberus on the acquisition of the business with external bank debt The external bank debt has a term of 5 years and the interest payable on two thirds of the debt has been fixed for a period of three years through the use of interest rate hedges

Directors' report (continued)

Going concern

Following the acquisition of the entire share capital of Admiral Taverns Group Holdings Limited in December 2012 and subsequent refinancing of an element of the term debt, as detailed above, the group is now financed through a combination of equity, intercompany debt with a term of 10 years introduced into the new enlarged group structure by Cerberus, and external bank debt with a term of 5 years. Where necessary, confirmation has been obtained from the relevant entity within the new enlarged group structure that this financing will remain in place for a period of at least 12 months from the date of approval of the accounts.

The directors have reviewed short and medium term cash forecasts for the new enlarged group compared to the group's available financing as described above and have concluded that sufficient resources exist to enable the group to meet its liabilities as they fall due for at least 12 months from the date of approval of the accounts. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors who served the company during the period were as follows:

A Clifford
G Pearson
J Paveley
K Georgel

There are no directors' interests requiring disclosure under the Companies Act 2006.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



Glenn Pearson
Director

4 November 2013

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Admiral Taverns (Max) Limited

We have audited the financial statements of Admiral Taverns (Max) Limited for the 53 week period ended 1 June 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 1 June 2013 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report (continued)

to the members of Admiral Taverns (Max) Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Andrew Merrick (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

Birmingham

6 November 2013

Profit and loss account

for the period ended 1 June 2013

		<i>Period ended 1 June 2013</i>	<i>Period ended 26 May 2012</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
Interest receivable and similar income	5	1,823	1,972
Interest payable and similar charges	6	(3)	(3)
Profit on ordinary activities before taxation		1,820	1,969
Tax	7	–	–
Profit for the financial period	13	1,820	1,969

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the period ended 1 June 2013

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,820,000 in the period ended 1 June 2013 (period ended 26 May 2012 – £1,969,000)

Balance sheet

at 1 June 2013

		<i>1 June 2013</i>	<i>26 May 2012</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
Current assets			
Debtors	9	78,500	78,500
Creditors amounts falling due within one year	10	<u>(93,045)</u>	<u>(94,865)</u>
Net current liabilities		(14,545)	(16,365)
Creditors amounts falling due in more than one year	11	<u>(52)</u>	<u>(52)</u>
Net liabilities		<u>(14,597)</u>	<u>(16,417)</u>
Capital and reserves			
Called up share capital	12	—	—
Profit and loss account	13	<u>(14,597)</u>	<u>(16,417)</u>
Shareholders' deficit	13	<u>(14,597)</u>	<u>(16,417)</u>

The accounts were authorised for issue by the Board of Directors on 4 November 2013 and were signed on its behalf by



Glenn Pearson

Director

Notes to the financial statements

at 1 June 2013

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

The accounting policies set out below have all been applied consistently throughout the period and the preceding period

Going concern

Following the acquisition of the entire share capital of Admiral Taverns Group Holdings Limited in December 2012 and the subsequent refinancing of an element of the term debt, as detailed in the directors' report, the group is now financed through a combination of equity, intercompany debt with a term of 10 years introduced into the new enlarged group structure by Cerberus and external bank debt with a term of 5 years. Where necessary, confirmation has been obtained from the relevant entity within the new enlarged group structure that this financing will remain in place for a period of at least 12 months from the date of approval of the accounts

The directors have reviewed short and medium term cash forecasts for the new enlarged group compared to the group's available financing as described above and have concluded that sufficient resources exist to enable the group to meet its liabilities as they fall due for at least 12 months from the date of approval of the accounts. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Group financial statements

The company has taken advantage of the exemption available under section 400 of Companies Act 2006 not to prepare and deliver group financial statements

Statement of cash flows

Under the provisions of Financial Reporting Standard No. 1 (Revised), the company has not prepared a statement of cash flows because its ultimate parent undertaking incorporated in the United Kingdom, AT Brit Holdings Limited, has prepared group financial statements which include the results of the company and which are publicly available

Investments

Investments in subsidiaries are initially recorded at cost. Subsequently, at any period end, investments in subsidiaries are reviewed for impairment based on the net asset value of the subsidiary adjusted to reflect the directors' estimate of the existing use value of the pub estate owned by the subsidiary. Any impairment charge is recorded through the profit and loss account as an exceptional item, below operating profit

Debt instruments

All interest bearing loans and borrowings are initially recorded at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts in the period

Finance costs of debt, including transaction costs associated with the debt, are allocated over the expected term of the debt at a constant rate on the carrying amount

Notes to the financial statements

at 1 June 2013

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

2. Auditors' remuneration

Auditor's remuneration for the financial period ended 1 June 2013 was paid by Admiral Taverns (Chester) Limited, a fellow group company

3. Directors' remuneration

The directors' remuneration are paid by Admiral Taverns (Chester) Limited, a fellow group company. No amounts are attributable to the company.

4. Staff costs

All staff are employed and remunerated by Admiral Taverns (Chester) Limited, a fellow group company

5. Interest receivable and similar income

	<i>Period ended 1 June 2013 £000</i>	<i>Period ended 26 May 2012 £000</i>
Interest receivable from group undertakings	<u>1,823</u>	<u>1,972</u>

6. Interest payable and similar charges

	<i>Period ended 1 June 2013 £000</i>	<i>Period ended 26 May 2012 £000</i>
Interest payable to group undertakings	<u>3</u>	<u>3</u>

Notes to the financial statements

at 1 June 2013

7. Tax

(a) Tax on profit on ordinary activities

There is no tax charge for the period

(b) Factors affecting tax charge for the period

The tax assessed for the period differs from the average rate of corporation tax in the UK of 23.83% (period ended 26 May 2012 – 25.67%). The differences are explained below

	<i>Period ended 1 June 2013 £000</i>	<i>Period ended 26 May 2012 £000</i>
Profit on ordinary activities before tax	1,820	1,969
Profit on ordinary activities multiplied by average rate of corporation tax in the UK of 23.83% (period ended 26 May 2012 – 25.67%)	433	505
<i>Effects of</i>		
Group relief surrendered for nil consideration	442	498
Intergroup interest expense imputed for tax purposes	(875)	(1,003)
Current tax for the period (note 7(a))	—	—

(c) Deferred tax

Deferred taxation assets not recognised in the financial statements are as follows

	<i>Period ended 1 June 2013 £000</i>	<i>Not recognised Period ended 26 May 2012 £000</i>
Tax losses	(9,395)	(9,691)

The deferred tax asset in relation to tax losses is not recognised in the financial statements due to the uncertainty of when these losses will be utilised by the company

(d) Factors that may affect future tax charges

In his budget of 20 March 2013, the Chancellor of the Exchequer announced Budget tax changes, which have an effect on the company's future tax position. The UK corporation tax rate was reduced to 23% on 1 April 2013. This rate change has been substantively enacted at the balance sheet date and as such, in accordance with accounting standards, this change has been reflected in the company's financial statements as at 1 June 2013.

The Chancellor of the Exchequer also announced that the main rate of corporation tax will be further reduced from 21%, as previously announced, to 20% in April 2015. These proposed rate changes had not yet been enacted at the balance sheet date and are not reflected in the balance sheet. These rate changes will also impact the amount of the future cash tax payments to be made by the company.

The effect on the company of these proposed changes to the UK tax system will be reflected in the company's financial statements in future years, as appropriate, once the proposals have been substantively enacted.

Notes to the financial statements

at 1 June 2013

8. Investments

*Subsidiary
undertakings
£000*

Net book value

At 26 May 2012 and 1 June 2013

—

Details of the investments in which the company (unless indicated) holds 20% or more of the nominal value of any class of share are as follows

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
<i>Directly held</i>			
Admiral Taverns (780) Limited	Ordinary shares	100%	Pub company

The above entity is unlisted and incorporated in the United Kingdom

9. Debtors

	<i>1 June 2013 £000</i>	<i>26 May 2012 £000</i>
Amounts owed by group undertakings	<u>78,500</u>	<u>78,500</u>

Amounts falling due in more than one year included above are

	<i>1 June 2013 £000</i>	<i>26 May 2012 £000</i>
Amounts owed by group undertakings	<u>28,500</u>	<u>28,500</u>

Included within amounts owed by group companies is an unsecured loan of £28,500,000 to Admiral Taverns (780) Limited which was drawn on 30 May 2008 at an interest rate of LIBOR plus 1.5%. The loan is wholly repayable on 30 May 2018.

Also included in amounts owed by group undertakings is an unsecured loan of £50,000,000 to Admiral Taverns (780) Limited, which was drawn down in September 2006 at an interest rate of LIBOR plus 2% and is repayable on demand.

10. Creditors: amounts falling due within one year

	<i>1 June 2013 £000</i>	<i>26 May 2012 £000</i>
Amounts owed to group undertakings	<u>93,045</u>	<u>94,865</u>

Notes to the financial statements

at 1 June 2013

11. Creditors: amounts falling due in more than one year

	1 June 2013 £000	26 May 2012 £000
Amounts owed to group undertakings	52	52

The amount due to group undertakings comprises an intercompany loan due to Admiral Taverns Bidco Limited. The loan bears interest at 2% above base rate on the face value of the debt and cannot be called by Admiral Taverns Bidco Limited other than in an insolvency event of any of the subsidiaries of Admiral Taverns Bidco Limited (other than Admiral Taverns Nevada Properties Limited) including the company.

12. Issued share capital

	1 June 2013 No £000	26 May 2012 No £000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1 —	1 —

13. Reconciliation of shareholders' deficit and movements on reserves

	Share capital £000	Profit and loss account £000	Total share- holders' deficit £000
At 28 May 2011	—	(18,386)	(18,386)
Profit for the period	—	1,969	1,969
At 26 May 2012	—	(16,417)	(16,417)
Profit for the period	—	1,820	1,820
At 1 June 2013	—	(14,597)	(14,597)

14. Post balance sheet event

Subsequent to the year end, on 27 June 2013, the group successfully completed the refinancing of £90m of the debt provided by Cerberus on the acquisition of the business with external bank debt. The external bank debt has a term of 5 years and the interest payable on two thirds of the debt has been fixed for a period of three years through the use of interest rate hedges.

15. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other wholly owned members of the AT Brit Holdings Limited group.

There are no other related party transactions requiring disclosure in the financial statements.

Notes to the financial statements

at 1 June 2013

16. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Admiral Taverns Bidco Limited, a company incorporated in the United Kingdom

The company's ultimate parent undertaking was Admiral Taverns Group Holdings Limited, a company also incorporated in the United Kingdom. Following the acquisition of Admiral Taverns Group Holdings Limited by Cerberus in December 2012, as disclosed in the directors' report, the ultimate parent undertaking is now Promontoria Europe Investments 41 LDC, an entity incorporated in the Cayman Islands

The group financial statements of the AT Brit Holdings Limited group incorporated in the United Kingdom, being both the largest and smallest consolidated financial statements including the results of the company, will be available to the public and may be obtained from the registered office of AT Brit Holdings Limited at Milton Gate, 60 Chiswell Street, London EC1Y 4AG